

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY BANGKOK

C O N F I D E N T I A L STATE 063364

STADIS////////////////////////////////////

E. O. 11652: GDS

TAGS: MARR, TH

SUBJ: US MILITARY CONTRACTS

REFS: A. BANGKOK 5240

B. BANGKOK 4265

C. STATE 42106

D. BANGKOK 3493

FOR MASTERS FROM DEXTER

1. REGRET WE HAVE BEEN UNABLE TO RESPOND MORE RAPIDLY TO YOUR REQUESTS REF D. DIFFUSION OF AUTHORITY THROUGHOUT SERVICES, LEGAL COMPLEXITIES AND PROBLEM OF SETTING PRECEDENT APPLICABLE IN MANY OTHER COUNTRIES HAVE CONTRIBUTED TO DELAYS. ALSO SITUATION WAS CONFUSED BEFORE CLARIFICATION PROVIDED REF B.

2. AS WE UNDERSTAND PROBLEM THERE ARE TWO PRIMARY OBSTACLES UNDER OUR CONTROL WHICH INHIBIT AAI PARTICIPATION IN GOODS AND SERVICES CONTRACTS: THE BALANCE OF PAYMENT POLICY RESTRICTION FAVORING US SOURCES WHEN COSTS
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WOULD NOT EXCEED NON- US SUPPLIER BY 50 PERCENT DIFFERENTIAL AND BIDDING NOTIFICATION PROCEDURES WHICH IN EFFECT HAVE GIVEN US SOURCES A TIME AND INFORMATION ADVANTAGE. AT THIS POINT DOD IS PREPARED TO COOPERATE ON INCREASING AWARDS TO THAIS BY ACTIVELY SEEKING THAI

SUPPLIERS. ONLY TODAY, HOWEVER, HAVE OFFICES INVOLVED DECIDED TO SEEK BLANKET WAIVER FOR THAILAND OF BALPA DIFFERENTIAL.

3. THERE ALSO REMAINS CONSIDERABLE PRESSURE TO KEEP ISSUE LINKED WITH TAX EXEMPTION PROBLEMS. THAI TAX SITUATION WAS AGAIN IDENTIFIED IN DECEMBER 1972 GAO RE BE PRESENTED AT 1974 SUMMER SESSION, BEFORE MAKING A DECISION TO SEND OUT A NEW QUESTIONNAIRE ON THIS SUBJECT.

4. BACKGROUND SHOULD READ: IMPACT OF MNC' S BEING STUDIED BY GROUP OF EMINENT PERSONS APPOINTED BY SECGEN UNDER ECOSOC RESOLUTION ADOPTED LAST JULY. BOTH LATIN AMERICAN AND UNITED STATES DELEGATIONS JOINED IN NEGOTIATING THE RESOLUTION THAT SETS THE FRAMEWORK FOR THE STUDY TO ENSURE IT WOULD BE BALANCED. AS NOTED IN THE ECOSOC RESOLUTION, THESE CORPORATIONS " ARE FREQUENTLY EFFECTIVE AGENTS FOR THE TRANSFER OF TECHNOLOGY AS WELL AS CAPITAL TO DEVELOPING COUNTRIES". THE RESOLUTION CALLS ON THE GROUP TO FORMULATE CONCLUSIONS AND SUBMIT RECOMMENDATIONS ON THE SUBJECT.

IN ADDITION, UNCTAD IS STUDYING THE RESTRICTIVE BUSINESS ASPECTS OF MULTINATIONAL CORPORATIONS UNDER RESOLUTION 73 (III). ALSO, THE ILO PURSUANT TO A DECISION OF MARCH, 1973, IS STUDYING RELATIONSHIP OF ACTIVITIES OF MULTINATIONAL CORPORATIONS TO SOCIAL POLICY. AFTER ABOVE STUDIES ARE COMPLETED, ECOSOC AND GENERAL ASSEMBLY WILL CONSIDER THEIR CONCLUSIONS AND RECOMMENDATIONS. THE DELEGATION MAY, IN ITS DISCRETION, POINT OUT THAT SINCE THE VIEWS OF GOVERNMENTS WILL DEVELOP IN THE LIGHT OF STUDIES CURRENTLY BEING MADE BY OTHER INTERNATIONAL BODIES, A QUESTIONNAIRE DESIGNED AT A LATER DATE, AFTER THIS WORK IN OTHER BODIES HAS PROGRESSED, WILL BE OF GREATER VALUE TO UNCITRAL WITH RESPECT TO ANALYSIS IT MIGHT MAKE.

WE WOULD PREFER TO HANDLE THIS IN A LOW KEY SINCE IT IS A SENSITIVE ISSUE. ROGERS

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*** Current Classification *** CONFIDENTIAL

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